

SG ASSET MANAGEMENT INTERNATIONAL LIMITED (TCW)
INTERNATIONAL EQUITY: FTSE ALL WORLD EX U.S. BENCHMARK

FOR THE MONTH OF: **JUNE** **2005**

MANAGER PERFORMANCE CALCULATIONS

* Annualized returns

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
SGAM (TCW)	1.09%	-1.86%	6.97%	9.48%	-5.07%
FTSE AW ex U.S.	1.80%	0.06%	17.03%	13.88%	1.09%
MSCI EAFE	1.37%	-0.75%	14.13%	12.48%	-0.17%

COUNTRY ALLOCATION COMPARISON

<u>Over-weight</u>	<u>SGAM</u>	<u>AW x US</u>	<u>Under-weight</u>	<u>SGAM</u>	<u>AW x US</u>
France	18.72%	9.44%	UK	14.51%	25.02%
Netherlands	10.05%	5.29%	Australia	0.00%	5.47%
Japan	25.69%	21.78%	Italy	0.00%	4.07%

PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS

The month of June saw most international equity markets post small positive returns or move sideways as optimism for technology earnings modestly returned and the nearing of the last Fed rate rise drew nearer. A further rally in the price of crude oil weighed heavily on the equity markets toward the end of the month and, predictably, the more the oil price rises, the more pundits call for it to rise further. Nonetheless, modern economic and industrial logic suggest that we can easily live with the oil price between \$50-60 but a further sustained rise would prove worrying for global growth.

The US Dollar remained strong during the month and just when ECB officials were exhausted defending 2.0% rates, the Riksbank cut by 50bp to 1.75% and rekindled speculation again, adding pressure to the Euro.

For the quarter, growth slightly outperformed value according to the MSCI Growth and Value series, and the growth index further fell behind the MSCI ordinary index. We cannot determine when the snap back in growth will take place but valuations are still extreme and investors remain nervous about the divergence in the two series.

With regard to European economics, the key surveys out of Germany, France and Italy at the end of June showed that the apparent slowdown in 2Q was only temporary. The confidence vote on Germany's Chancellor Schroeder was held in Parliament on July 1 and a key psychological level was broken when the exchange rate fell below 1.20 against the US Dollar. Following the vote of no-confidence, the decision on whether to dissolve Parliament and call for early elections on September 18, as currently hoped for by the government and the opposition, would lie with President Horst Koehler. Early reports by the German Bild newspaper support a sharp drop in non-seasonally adjusted unemployment in June which would be positive if true. Either way, European rates are not rising for some time to come.

We continue to invest in solid growth names such as SAP, Philips, Veolia, Shin-Etsu Chemical, Petrobas, TDC, Aoyama Trading, Sony and Fanuc and have added to names such as Metro, Ahold, Fresenius Meduical Care, ABN Amro, and Total in order to further enhance the portfolio's earnings. We foresee a lacklustre summer period for equity pricing and volumes but are encouraged by recent noises from companies such as Intel, Cisco, SAP, Easyjet and Aoyama Trading which points toward a reasonable backdrop for consumer spending and end-demand across most industries, with the exception of the UK where the consumer may be saving faster than they are spending.

MANAGER STYLE SUMMARY

Societe Generale Asset Management (SGAM), formerly TCW, tends to be a "bottom-up" (individual stock selection) manager with a concentrated portfolio, consisting of approximately 40 stocks. Their portfolio characteristics tend to represent a GARP strategy (Growth At a Reasonable Price - P/E, P/BV and Dividend Yields around the market average), although the firm places more of an emphasis on growth (here, substantial above market earnings growth over a two year horizon).

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PORTFOLIO GUIDELINE COMPLIANCE

JUNE

2005

Portfolio Guideline:	Index	SGAM	Calc	Min	Max	Compliance
B3. Security position <= 5% of the account @ purchase						ok
B4. Number of issues		36			40	ok
B5. Normal Sector Exposures (Country Allocation):						
United Kingdom		15%		6%	25%	ok
Europe ex U.K.		51%		15%	60%	ok
Japan		26%		15%	70%	ok
Pacific ex Japan		0%		0%	20%	ok
Other Index Countries		0%		0%	10%	ok
Non-Index Countries		6%		0%	15%	ok
Cash & Hedges		2%				
Total		100%				
B6. Normal Portfolio Characteristics						
Capitalization		\$342		\$250		ok
Price/Book Value	2.1	2.1	1.0	0.9	1.3	ok
Price/Earnings	16.4	17.5	0.9	0.9	1.6	ok
Price/Cash Flow	8.6	10.9	0.8	0.0	1.8	ok
Dividend Yield	2.6	1.8	1.4	0.8	1.2	check
C1. Currency or cross-currency position <= value of hedged securities						ok
No executed forward w/o a corresponding securities position.						ok
C2. Max forward w/ counterpart <= 30% of total mv of account						ok
F2. Annual turnover		90%			150%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines					<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES

Other: FTA calculations for portfolio characteristics are unavailable at this time.
Substituted with MSCI EAFE index data as the closest comparison.

ORGANIZATIONAL/PERSONNEL CHANGES

None

ACCOUNT TURNOVER

Gained:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
	Reason(s):	N/A			